6 RETAIL MARKET ANALYSIS

A. INTRODUCTION

This chapter of the research presents the baseline retail conditions for the Town of Blacksburg, Virginia. The analysis details total sales, store count, and productivity from the US Census of Retail Trade for a consumer trade area developed for the Town of Blacksburg and selected surrounding communities. Consumer demand, or spending potential, was assessed for Blacksburg using commercial (retail) inventories developed at the Town level. The chapter concludes with comments regarding Blacksburg's future potential in attracting additional retail shopping venues to different sections of Town.

B. CONSUMER TRADE AREAS

Two different geographic trade areas are generally considered when discussing retail stores and sales. These include a primary trade area, or PTA, and a secondary trade area, or STA. The PTA typically comprises 65.0% to 80.0% of a retailer's sales activity while the STA accounts for the remainder. The physical size of these trade areas vary due to outside considerations such as the local road network, natural physical barriers (e.g., rivers, bridges, mountain ranges, etc.) and the proximity of competing shopping destinations. These influences can all serve to limit and otherwise define a retailer's geographic drawing power. Furthermore, retail gravity, or the concentration of stores at a shopping venue, can define the attractiveness of a retail destination. An area where many retail alternatives and stores are concentrated, such as along Route 460 in Christiansburg, enhances the consumer drawing power, or the distance consumers would be willing to travel to shop there.

Competing, alternative retail shopping centers and districts surround Blacksburg. Other shopping districts include Bluefield and Beckley, West Virginia as well as Roanoke, Radford and Martinsville, Virginia. Retail development has also has been rapidly occurring in Christiansburg (about 5 to 7 miles to the south of Town). The following table presents many of the major shopping centers by type[1] and location in these communities. As such, these existing shopping opportunities begin to define (or rather limit) the trade area(s) for retail and consumer activity

[1] The National Research Bureau's Shopping Center Directory (1999) defines the following types of shopping centers: (1) community center, averaging 150,000SF, which has a wide range of soft and hard lines and is usually anchored by a department or discount store; (2) neighborhood center, often around 50,000SF and anchored by a grocery; (3) power center with 3 to 5 "big box" anchors and relatively few small stores; (4) regional shopping center averaging 400,000SF with 2 or 3 department store anchors; and, (5) a super regional center, often 1.0 million SF or more.

within Blacksburg. In other words, this build-up of retail destinations outside of Blacksburg serves to limit the drawing capabilities of retailers in Blacksburg and diminishes the size of the trade areas for local businesses. As Table 6-1 indicates, there is more than 7.8 million SF of retail located in a variety of shopping centers surrounding Blacksburg.

Table 6-1
Selected Retail Alternatives to Blacksburg, Virginia
50,000SF or Greater

	GLA [1]	Anchor Stores	Type
Beckley, West Virginia			
Beckley Crossing Shopping Center	195,000	Wal-Mart, Food 4 Less	Community
Beckley Plaza	143,000	Kmart	Community
By-Pass Plaza	120,000	Unknown	Community
Lester Square Shopping Center	70,000	Kroger	Neighborhood
Raleigh Mall	345,000	Goodys, Kroger	Regional
Tamarack	59,000	Unknown	Neighborhood
Town & Country Plaza	100,000	Unknown	Community
Bluefield, West Virginia			
Airport Square Shopping Center	115,000	CVS, Deskins Grocery	Community
Bluefield Plaza	125,000	Kroger	Community
Blue Prince Plaza	180,000	Cinemas	Community
Kendall Plaza	141,000	Kmart, Food Lion	Community
Mercer Mall	660,000	Sears, Belk	Regional
Princeton, West Virginia			
The Prince Center	60,000	Smaller shops	Neighborhood
Princeton Shopping Center	280,000	Sav-A-Lot Foods	Community
Stafford Plaza Shopping Center	60,000	Unknown	Neighborhood
Martinsville, Virginia			
Cloverleaf Shopping Center	72,000	Dollar General	Neighborhood
Druid Hills Shopping Center	60,000	Kroger	Neighborhood
Holiday Shopping Center	82,000	Family Dollar Store	Neighborhood
Laurel Park Plaza	58,000	Unknown	Neighborhood
Liberty Fair Mall	575,000	Sears, JC Penney	Regional
Martinsville Plaza	95,000	Food Lion	Neighborhood
Patrick Henry Mall	225,000	Smaller stores	Community
Roses Plaza	67,000	Big Lots	Neighborhood
Southside Plaza	128,000	Kmart, Food Lion	Community
Pulaski, Virginia			
Maple Shade Plaza	90,000	Kroger	Neighborhood
Memorial Square	144,000	Wal-Mart, Food Lion	Community
Pulaski Plaza	112,000	Food Lion	Community
Wytheville, Virginia			
Evansham	118,000	Food Lion	Community
Factory Merchants of Fort Chiswell	175,000	Numerous	Community
Mountain View Square Shopping Center	123,000	Kmart	Community
Wythe Shopping Plaza	102,000	Acme Supermarket	Community
Roanoke, Virginia [2]			
The New Crossroads Mall	500,000	Kmart, Circuit City	Regional
Tanglewood Mall	770,000	Belk, Goodys	Super Regional
Towers Shopping Center	290,000	Revco, Harris Teeter	Community
Town Square Shopping Center	302,000	Office Max	Regional
Valley View Mall	1,072,000	Hecht's, Sears, JC Penney	Super Regional
TOTAL	7,813,000		

Source: RKG Associates, Inc. and the National Research Bureau of Chicago, IL.
[1] - Gross Leasable Area presented in square feet (SF) and rounded to the nearest 1,000 SF.
[2] - Numerous shopping centers in the metro area, this list reflects those of 250,000SF or more.

It is important to note that this listing is by no means exhaustive. Shopping centers containing less than 50,000 SF of building space were excluded in addition to any other freestanding stores[2] and retailers.

1. Christiansburg

Table 6-2 highlights selected shopping centers in Christiansburg. As this table indicates, there is currently more than 2.1 million SF (some under construction) of competing retail space within close proximity to shopping venues in Blacksburg. Negotiations are currently underway with other "big box" tenants, such as consumer electronics and wholesale clubs, to further expand retail options in this area according to the broker for Spradlin Farms.

Table 6-2
Selected Retail Alternatives in Christiansburg, Virginia
October, 2000

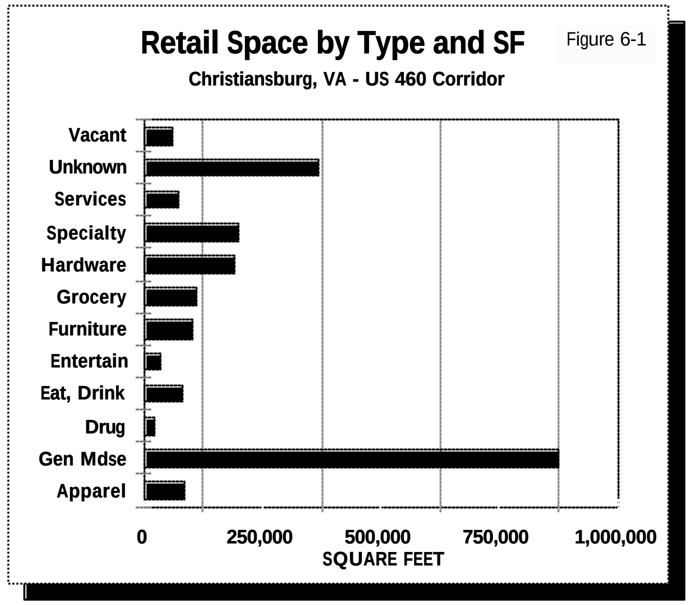
	GLA [1]	Anchor Stores [2]	Size	Vacant SF	% Vacant
Christiansburg Hills Plaza	159,000	Ames	82,000	33,000	20.80%
		Food Lion	29,000		
Food Lion/CVS Drugs	50,000	Food Lion	29,000	0	NA
		CVS Drugs	8,000		
Northgate Village	80,000	Furniture stores	47,000	12,000	15.00%
Market Place Shopping Center	243,000	Goodys [3]	40,000	4,000	1.60%
		Office Max	40,000		
New River Valley Mall	423,000	Sears	49,000	13,000	3.10%
		JC Penney	50,000		
		Belk	68,000		
		Peebles	65,000		
Spradlin Farms [4]	650,000	Target	100,000	NA	NA
(under construction)		Home Depot	108,000		
"Big Box" Retailers	74,000	Lowes Home Center	74,000	0	NA
	145,000	Kmart	145,000		
	197,000	Wal-Mart	197,000		
	40,000	Grand Home Furnishing	40,000		
Sit Down Chain Restaurants	55,000	Applebee's, Outback, Red Lobster, etc.		0	NA
TOTAL	2,116,000			62,000	2.93%

Source: RKG Associates, Inc. and the National Research Bureau of Chicago, IL.
[1] - Gross Leasable Area presented in square feet (SF) and rounded to nearest 100 SF.
[2] - A more detailed listing of store(s) appears in the Appendix.
[3] - Field observations indicate that Goodys will be relocating to Spradlin Farms.
[4] - Grand opening is scheduled for November 2000.

Several freestanding stores and smaller shopping centers have been excluded. These include the Foothills Plaza (approximately 20,000 SF with US Cellular and other personal/financial service tenants), the new Kroger food store (around 53,000 SF) and the CVS pharmacy

[2] The Wal-Mart (estimated at 160,000± SF) in Pearisburg, Virginia, and a new Wal-Mart (estimated to be 200,000± SF) in Princeton, West Virginia, are not included in the table.

(around 14,000 SF along North Franklin and Wade's Lane in Christiansburg). The list of stores contained Table 6-2, and other freestanding and/or smaller centers, represent slightly more than 2.2 million SF of retail alternatives.



General merchandisers and department stores account for approximately 40.0% of this 2.2 million SF of retail space (Figure 6-1). At present, retailers classified as "unknown" account for the second largest share of retail space, about 17.0% (368,000 SF) of the total. This is due to the current construction of Spradlin Farms, which will likely have another 100,000 square foot "big box" retailer (likely consumer electronics or wholesale club) and assorted other shops. Furthermore, the replacement tenant(s) for the Goody's store (relocating to Spradlin Farms) are not known. Most other uses, or tenant types, represent around 5.0% to 10.0% of the retail square footage. Despite the high volume of retail space in this are, the market currently maintains a healthy vacancy rate (less than 3%) in this immediate area.

Downtown Christiansburg also has several retail and service establishments, especially legal and financial services tied to the courthouse and County seat. A streetwalk of the Downtown Christiansburg area revealed the following mix of businesses: a pawn shop, photographer, printer, restaurants(s), barber(s), men's and women's clothing stores, antique store, independent furniture shop, Helig-Meyers furniture, CVS, insurance agents and the Old Towne Mall (with a printing shop, engraver, dance studio and restaurant). The basement level of the Old Towne Mall appeared vacant and there was also a 1,200 square foot street level vacancy observed. There is also a Family Dollar store and a former[3] Kroger in the Downtown, the latter leaving a 25,000 square foot vacancy.

2. <u>Radford City</u>

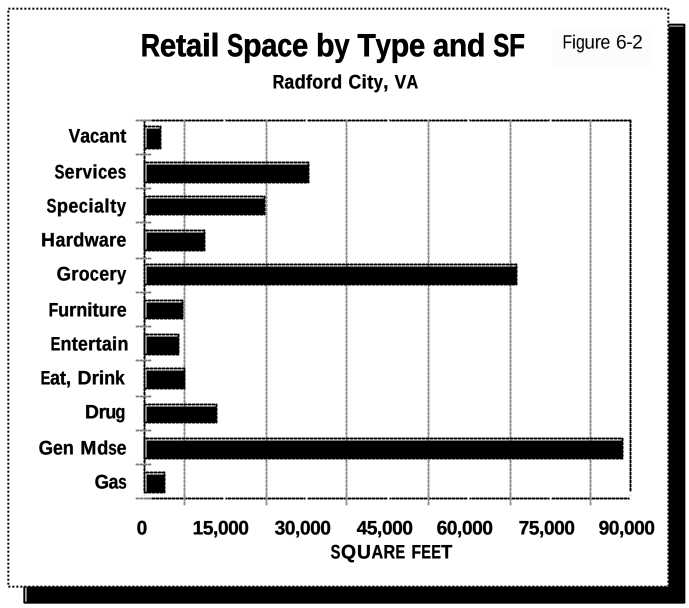
Table 6-3 highlights selected shopping venues in Radford City, which is located approximately 10 to 15 miles from Blacksburg. As this table indicates there is currently more than 262,000 SF of competitive retail space in competitive shopping centers in the City. Again, this listing is not an exhaustive list as many smaller stores and freestanding merchants have not been included. However, general merchandise stores, groceries stores and service businesses are the dominant uses based on a sampling of shopping centers in Radford.

[3] This store has relocated to the 53,000 square foot Kroger along the Route 460 corridor, as previously noted.

Table 6-3
Selected Retail Alternatives in Radford, Virginia
2000

	GLA [1]	Anchor Stores [2]	Size	Vacant SF	% Vacant
Central Square	46,900	Wades Grocery	18,000	1,600	3.40%
Radford Shopping Plaza	164,400	Kmart	88,500	1,400	0.90%
		Kroger	25,900		
Tyler Square	50,800	Food Lion	25,000	0	NA
		CVS	8,500		
TOTAL	262,100				

Source: RKG Associates, Inc. and the National Research Bureau of Chicago, IL.
[1] - Gross Leasable Area presented in square feet (SF) and rounded to nearest 100 SF.
[2] - A more detailed listing of store(s) appears in the Appendix.



Of the 262,100 SF of shopping center space inventoried in Radford City, nearly 34.0% is general merchandise space, 26.0% is grocery store space and nearly 12.0% is service space (Figure 6-2). Only 8.0% (or about 22,000 SF) was identified as specialty or miscellaneous retail space. No apparel store space was inventoried. This latter point likely reflects the "dominance" of apparel shops in the Christiansburg/Route 460 corridor and at the New River Mall. Also, this does not imply that clothing is not available in Radford City (or elsewhere) since general merchandise stores such as Kmart and Wal-Mart typically devote a significant amount of interior floor space (often 30.0% or more) to apparel.

As in Christiansburg, a streetwalk inventory was completed for the downtown district of Radford City (which includes Radford University). The mix of merchants and businesses in Downtown Radford include the following: a florist, women's clothing, lawyers, beauty and personal services, offices of the local newspaper and Chamber of Commerce, a furniture shop, a home accessories store, three (3) jewelers, the Salvation Army, an art museum, a travel agency, an optometrist, a used clothing, a dollar store, a music (and musical instruments) store, a fitness center, movie theater, and approximately 1,100 square foot of vacant space. As with the overall market, vacancy was observed to be quite low in Downtown Radford, likely reflecting the purchasing power of the otherwise "captive" student consumer.

Over 10.3 million SF of retail has been identified and inventoried in surrounding locations to Blacksburg, most of which is in shopping centers and retail strip centers. A more exhaustive inventory, which would include freestanding units, would only serve to increase the amount of competitive retail space. Of the above referenced inventory, nearly 25.0% has been identified in Christiansburg and Radford City, which are adjacent to Blacksburg (but within Montgomery County). Another 28.5% are located in Roanoke, to the northeast of Blacksburg. Given this build-up and concentration of competing retail alternatives, in conjunction with the road network (primary orientation along I-81) and travel times, a reasonable primary trade area (PTA) for Blacksburg is the Town limits, and a reasonable secondary trade area is Montgomery County.

C. RETAIL SALES AND STORES

This section analyzes retail sales activity in Virginia, Montgomery County (the secondary trade area), and in the Towns of Blacksburg (the primary trade area) and Christiansburg, between 1987 through 1997 according to data[4] obtained from the US Census of Retail Trade. Sales, store count and sales productivity are compared across all four areas in the following[5] figures and tables.

1. Retail Sales Trends

Annual retail sales for all four regions increased during the ten-year span between 1987 and 1997. However, the sales growth was not uniformly distributed across the regions or by store types within each region. For example, total sales in Blacksburg grew by about 18.0% as compared with a 123.0% growth in total sales in Christiansburg. Total retail sales grew by 86.0% in the County and by 76.0% across the Commonwealth as a whole. Sales among all store types in all four areas increased between 1987 and 1997 with the exceptions of general merchandise stores, auto dealers and clothing stores in Blacksburg. Each of these store types realized a decline in sales over the 10 years.

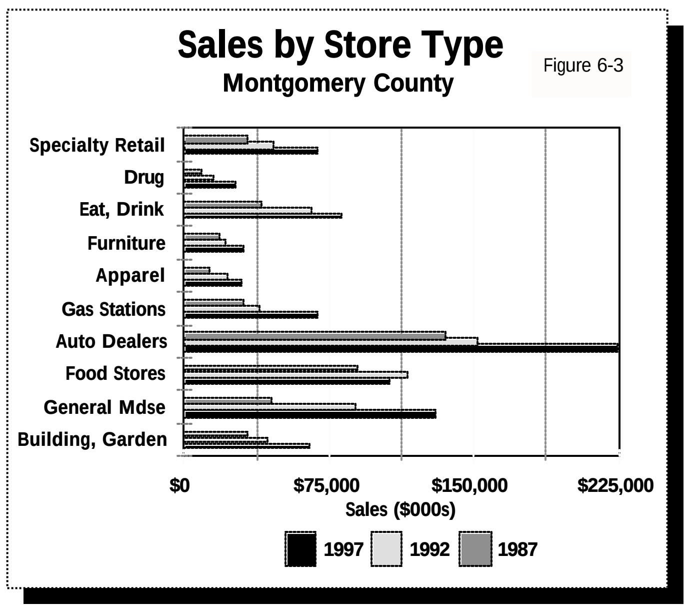


Figure 6-3

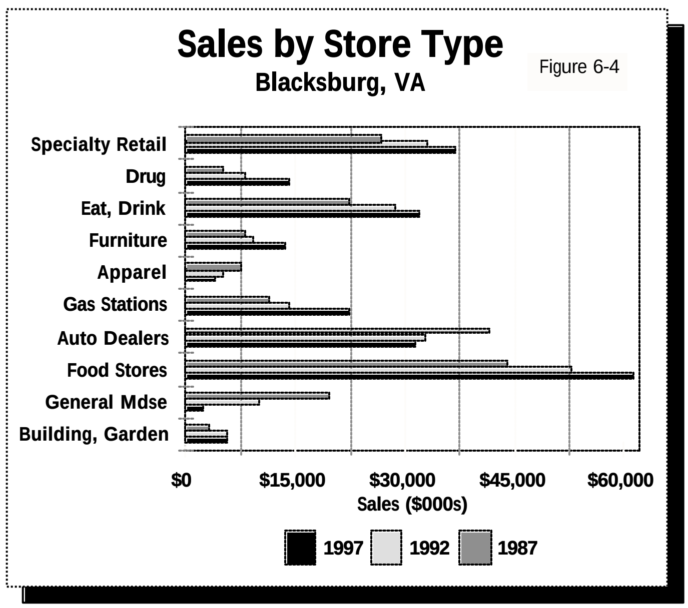
Between 1987 and 1997, retail sales in Virginia increased by slightly more than 76.0%, from $38.96 billion to $68.73 billion. The geatest percentage increase was observed among building supply stores (nearly 160.0%). Food stores accounted for the lowest level of growth

[4] Occasionally, retail sales data for specific store types has been suppressed by the Census for reasons of confidentiality. In these instances RKG has extrapolated the sales data.

[5] Please refer to the Appendix for a more detailed table.

at slightly less than 30.0%. Other store types experiencing growth rates below the Commonwealth average include auto dealers (63.0%) and eating & drinking places (73.0%). In comparison, retail sales activity in Montgomery County was slightly more robust, exhibiting a growth in sales across all store types of 86.0% during this time period. The retail sales growth in Montgomery County exceeds the rate of growth across the Commonwealth for almost all store types, with many experiencing a sales growth exceeding 100.0% over the 10 years. The exceptions include food stores (18.0%), auto dealers (65.0%), furniture stores (66.0%) and building supply stores (98.0%). Sharp increases were realized among general merchandise stores, rising from $44.4 million in sales in 1987 to nearly $130.0 million in 1997, and drug stores, increasing from $8.6 million in 1987 to $26.3 million in 1997.

Much of the retail sales growth in Montgomery County occurred in the Town of Christiansburg which experienced an increase in retail sales of more than 123.0%, rising from $211.4 million in 1987 to nearly $472.0 million in 1997 (unadjusted for inflation). Sales at building supply stores, food stores and auto dealers in Christiansburg all increased by less than 100.0% from 1987 to 1997, while sales at gas stations and furniture stores increased by almost 100.0%. Sales at eating and drinking places, drug stores and miscellaneous retailers all increased by more than 200.0% and sales at apparel shops and general merchandiser increased by more than 400.0%. Sales among general merchandisers increased by more than $100 million.



In contrast, retail sales increased in the Town of Blacksburg, by about 18.0%, from 1987 to 1997. This rate of growth is well below that experienced in neighboring Christiansburg as well as below that of the County. As mentioned earlier, several store types in Blacksburg experienced a decline in sales. General merchandise stores, auto dealers, and apparel stores all lost sales between 1987 and 1997 in Blacksburg. Only drug store sales in Blacksburg had a growth rate exceeding 100.0% as sales rose from $5.1 million in 1987 to $14.1 million in 1997. General merchandise stores experienced a precipitous drop in sales (and store count) from around $19.5 million to approximately $2.5 million.

Table 6-4
Retail Sales Trends (in $ millions)
1987-1997

Location	1987	1992	1997	% 1987-'97
Virginia	$38,960.20	$48,048.60	$68,728.70	76.40%
Montgomery Co.	$446.60	$607.10	$830.60	86.00%
% of Commonwealth	1.10%	1.30%	1.20%	NA
Blacksburg	$189.30	$199.30	$223.20	17.90%
as a % of County	42.40%	32.80%	26.90%	NA
Christiansburg	$211.40	$346.00	$472.00	123.20%
as a % of County	47.30%	57.00%	56.80%	NA

Source: US Census Bureau and RKG Associates, Inc.

In 1987, retail sales in Montgomery County represented about 1.1% of the Commonwealth. This market share held constant in 1997 at an estimated 1.2%. Conversely, the 1987 retail activity in Blacksburg accounted for about 42.4% of the sales in the County, similar to Christiansburg, which accounted for roughly 47.3% of total retail sales. However, by 1997 Christiansburg had expanded its market share to 56.8% of County retail sales, while Blacksburg dropped to a 26.9% market share. This decline in market share has varied by store type as Figure 6-5 presents.

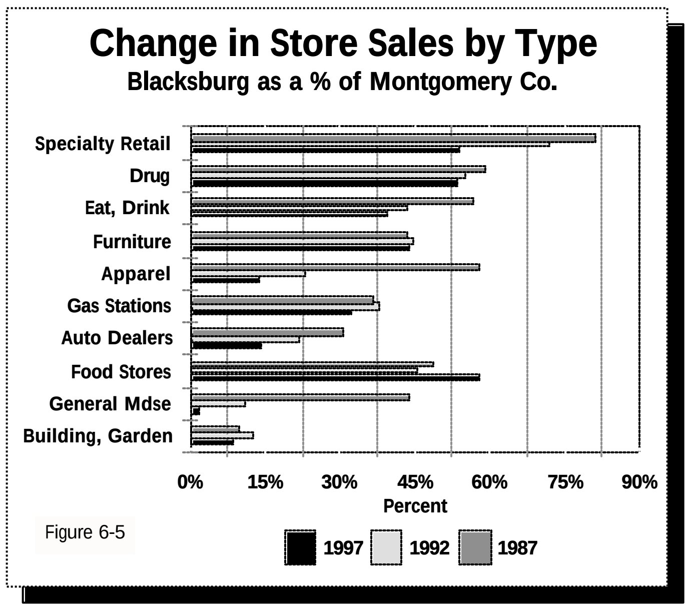


Figure 6-5

General merchandise stores experienced largest decline in market share in Blacksburg. This is largely due to the loss of several department stores such as K-Mart, Roses, and Heronimus. In 1987, the Town accounted for about 45.0% of the general merchandise sales in the County. By 1997, the share of general merchandise sales in Blacksburg dropped to only 2.0% of County total. Apparel shops also declined, from a 58.0% market share in 1987 to about a 14.0% in 1997. Drug stores remained stable, decreasing slightly from a 59.0% share in 1987 to around a 54.0% in 1997. Food stores in Blacksburg experienced the only significant increase in market share of the County, going from 49.0% in 1987 to 58.0% in 1997.

2. Retail Establishment Trends

Unlike retail sales, there was not a uniform increase in the number of retail establishments across all study areas. In total, Blacksburg lost eight stores (-4.0%) over the ten-year period.

This contrasts the positive growth in store count for each of the comparison jurisdictions including the Commonwealth (14.4%), the County (23.9%) and Christiansburg (69.1%). This lack of uniform growth is prevalent at the store type level as well. According to the Department of the Census, Christiansburg maintained its total number of grocery stores (12 stores) between 1987 and 1997, while the number of grocery stores declined in all other locations (Figure 6-6).

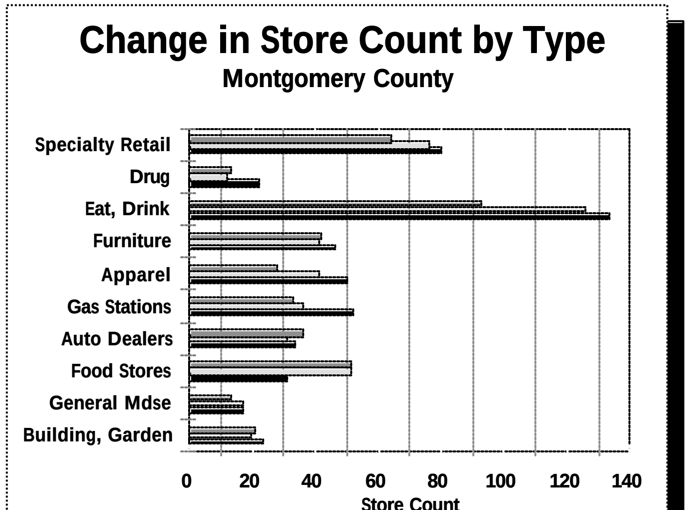


Figure 6-6

In 1987 there were 34,916 stores in the Commonwealth of Virginia. This total increased to 39,930 stores by 199 for a 14.4% increase (Table 6-5). Drug stores experienced the largest percentage growth at nearly 63.0%, followed by building supply stores, eating & drinking places and gas stations. Each of these store types experienced increases over 30.0%. General merchandise stores, furniture stores and specialty retailers all grew by less than 10.0% while the number of grocery stores actually declined. In comparison, the percent increase in the number of stores in Montgomery County exceeded the Commonwealth by nearly ten percentage points. The total number of stores in the County increased by 23.9%, going from 394 retail establishments in 1987 to 488 establishments in 1997. The County experienced a similar decline to the Commonwealth in the number of grocery stores (-39.2%), going from 51 to 31 stores. However, unlike the Commonwealth, the County also lost auto dealers (-5.6%) declining from 36 establishments in 1987 to 34 in 1997. Gas stations, apparel shops, and drug stores all increased by more then 50.0% during this ten-year period. Building supply stores and furniture stores realized an increase of about 10.0% each.

Table 6-5
Retail Establishment Trends
1987-1997

Location	1987	1992	1997	% 1987-'97
Virginia	34,916	37,360	39,930	14.4%
Montgomery Co.	394	451	488	23.9%
% of Commonwealth	1.1%	1.2%	1.2%	NA
Blacksburg	201	196	193	-4.0%
as a % of County	51.0%	43.5%	39.5%	NA
Christiansburg	139	205	235	69.1%
as a % of County	35.3%	45.5%	48.2%	NA

Source: US Census Bureau and RKG Associates, Inc.

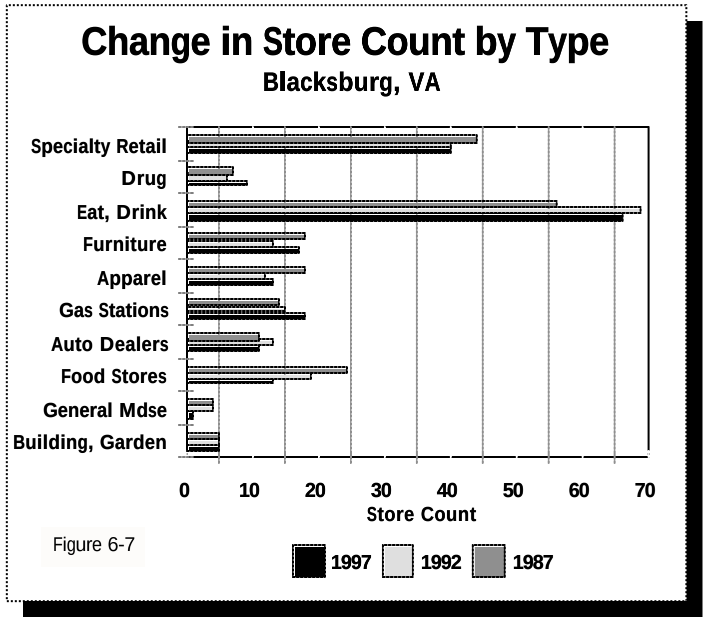


Figure 6-7

In Christiansburg, the number of retail stores increased by slightly more than 69.0% during the between 1987 and 1997, going from 139 stores in 1987 to 235 establishments in 1997. Building supply stores, specialty retailers and eating & drinking places all grew by more than 75.0% in store count, while general merchandise stores (116.7%) and apparel shops (516.7%) both increased their store count by more than 100.0%. Only grocers (0.0%) and auto dealers (-25.0%) did not experience a percentage increase in total store count. In contrast, the Town of Blacksburg experienced a decline in the number of retail establishments between 1987 and 1997, falling from 201 in 1987 to 193 in 1997. As seen in Figure 6-7, the number of general merchandisers, groceries, apparel shops, furniture stores and specialty retailers all declined between 1987 and 1997 in Blacksburg. However, not all store types experienced a decline in store count, as some remained constant and others grew. There was an increase in the number of gas stations, eating & drinking places and drug stores, but none by more than 30.0%.

In terms of retail store count, Montgomery County represented about 1.1% of the Commonwealth in 1987. This market share held constant through 1997, slightly increasing to an estimated 1.2% of the retail stores in the Commonwealth (similar to the County's market share with respect to retail sales). However, the number of retailers in Blacksburg accounted for 51.0% of all of the retailers in the County in 1987. By 1997, the Town's share had slipped to 39.5%. On the other hand, Christiansburg increased from a 35.3% share of all County retail establishments in 1987 to about 48.2% in 1997.

3. Retail Sales Productivity

Average annual retail sales for Virginia stores were approximately $1.1 million in 1987. This average increased by 54.3% to $1.7 million in 1997 (Table 6-6). The growth rate was similar in Montgomery County (50.2%), which also increased from $1.1 million in 1987 to $1.7 million in 1997. Despite a modest increase in average stores sales in Christiansburg (32.0%), the actual dollar amount increased from $1.5 million in 1987 to just over $2.0 million in 1997, which is well above the other locations. In comparison, sales productivity increased by a more modest 22.8% in Blacksburg, rising from $941,900 in 1987 to $1.2 million in 1997. This is due, in part, to the loss of market share in Blacksburg relative to total sales and store count (resulting in base of "smaller" stores as the "big box" retailers have concentrated in Christiansburg) and the resulting diminished retail gravity in Town.

Table 6-6
Average Store Sales in $000s
1987-1997

Location	1987	1992	1997	% 1987-'97
Virginia	$1,115.80	$1,286.10	$1,721.20	54.30%
Montgomery Co.	$1,133.50	$1,346.20	$1,702.00	50.20%
% of Commonwealth	101.60%	104.70%	98.90%	NA
Blacksburg	$941.90	$1,016.80	$1,156.40	22.80%
as a % of County	83.10%	75.50%	67.90%	NA
Christiansburg	$1,521.10	$1,688.00	$2,008.40	32.00%
as a % of County	134.20%	125.40%	118.00%	NA

Source: US Census Bureau and RKG Associates, Inc.

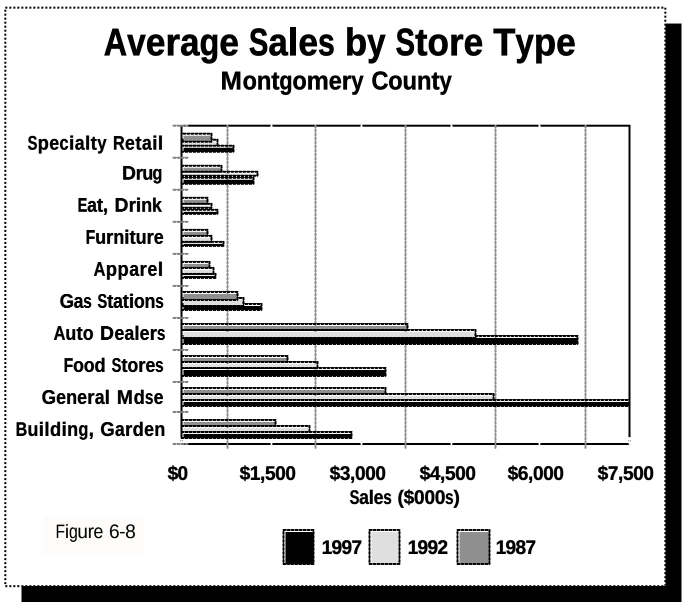


Figure 6-8

All store types across the Commonwealth of Virginia realized an increase in their sales productivity, or average sales by store. Grocery stores, auto dealers, furniture shops and eating & drinking places realized an increase in average store sales that was below the Commonwealth average of 54.3%. Specialty retailers realized an increase of nearly 96.0% in average store sales, increasing from $529,000 in 1987 to $1 million in 1997. The average store sales among all store types in Montgomery County also increased between 1987 and 1997, although not at the same rate as the state. The average growth in sales per store in Montgomery County was 50.2% during this time period. Gas stations, apparel stores and eating & drinking places performed below this average, but experienced growth nonetheless. All other stores exceeded this average growth with general merchandisers experiencing almost 125% growth in average store sales, rising from $3.4 million in 1987 to $7.6 million in 1997 (Figure 6-8). In 1987, the average retail establishment in Montgomery County had sales that were nearly $18,000 greater than the average for the Commonwealth. By 1997, the County average store sales lagged behind that of the Commonwealth by approximately $19,000.

As stated previously, the average sales per store in the Town of Christiansburg increased by 32.0%, rising from $1.5 million to just over $2.0 million between 1987 and 1997. While this growth rate falls short of that experienced by both the County and the Commonwealth, the absolute average sales per store in Christiansburg exceed both. Many store types experienced significant increases in average sales per store, with auto dealers and specialty retailers increasing by nearly 100.0% and with general merchandisers and drug stores each increasing their average store sales by more than 150.0%. Drug store average sales went from $437,250 to $1,129,300 while general merchandisers went from $3.5 million on average to $9.7 million. The average store sales among building supply stores (-29.1%) and apparel shops (-13.2%) experienced a decline in average per store sales in Christiansburg.

In comparison, the average sales per retail store in Blacksburg increased by 22.8%, the least percentage growth among the four areas. Additionally, several store types realized a decline in their average sales including general merchandisers, apparel shops and auto dealers (Figure 6-9). The average increase in sales productivity among building supply stores, gas stations, furniture shops and specialty retailers all exceeded 50.0%, while the average sales food stores and drug stores increased by 157.0% and 115.0% respectively.

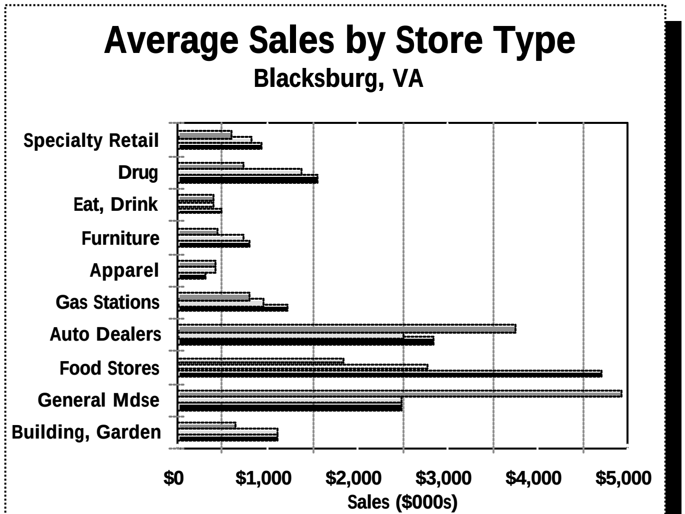


Figure 6-9

In 1987, the average store sales in Montgomery County represented 101.6% that of the Commonwealth and actually increased to 104.7% by 1992. However, the County average per store sales was below the Commonwealth average five years later accounting for 98.9% of the Commonwealth average. Blacksburg represented 83.1% of the average per store sales at the County level in 1987 and declined to 67.9% by 1997. Christiansburg also experienced a decline, going from 134.2% of the average County per store sales in 1987 to about 118.0% in 1997. This trend reflects not only the continuing competitive pressures and diversification outside of this region (such as alternative shopping venues in Roanoke and elsewhere, discussed later in this section), but also the increasing competition from mail order, catalog sales and Internet retailing.

While Table 6-6 presents the trends in average store sales among the four geographies, it is also useful to compare the current (1997) average sales by store type for Blacksburg, Christiansburg and Montgomery County.

As shown in Table 6-7, average sales per store for food stores, furniture stores, drug stores and specialty retailers in Blacksburg exceeded those for both Christiansburg and Montgomery County. Other store types, noticeably apparel and general merchandisers, in Blacksburg had average sales per store well below those of either Christiansburg or Montgomery County. Retail sales have increased marginally in Blacksburg over the 1987 to 1997 time period, particularly when compared against the Town of Christiansburg and Montgomery County. Sales among some store types have actually declined. Overall, the number of retail stores in Blacksburg declined between 1987 and 1997 with general merchandisers, food stores, apparel shops and specialty retailers leading the decline. However, despite these losses in store count and sales, many store types in Blacksburg continue to have a very high level of average sales. Specialty retailers are one example. The average specialty retailer in Blacksburg is estimated to have 1997 sales of $920,000, well above either Christiansburg or Montgomery County. This is in part due to the high concentration of specialty retailers in Blacksburg as well as the spending and consumer potential that the Virginia Tech student population represents. As a result, this data suggest that additional smaller, specialty retailers could find a receptive (and likely profitable) consumer market in Blacksburg.

Table 6-7
Comparison of Average Store Sales (in $000s)
By Type, 1997

Store Type	Montgomery County	Christiansburg	Blacksburg
Building, Garden	$2,833.57	$2,125.38	$1,118.60
General Merchandise	$7,641.47	$9,712.92	$2,483.00
Food Stores	$3,408.65	$4,065.42	$4,705.54
Auto Dealers	$6,609.79	$7,949.67	$2,847.55
Gas Stations	$1,331.90	$1,219.61	$1,233.89
Apparel	$581.96	$678.19	$308.08
Furniture	$674.33	$725.08	$801.00
Eat, Drink	$608.23	$806.26	$482.85
Drug	$1,194.91	$1,129.30	$1,565.33
Specialty Retail	$856.79	$597.00	$920.65

Source: US Census Bureau and RKG Associates, Inc.

D. RETAIL INVENTORY - BLACKSBURG

Retail inventories have been developed for the Town of Blacksburg. These inventories indicate there are several primary retail locations in Blacksburg including the Downtown, North and South Main Street and University Boulevard. Table 6-8 contains the retail inventory that was developed for the shopping centers and larger freestanding businesses outside of the Downtown area.

Table 6-8
Retail Shopping Center Inventory for Blacksburg
Outside of Downtown Area (2000)

Street	Center/Store [1]	Square Footage	Est. Vacant SF
South Main Street	The Gables	144,535	728
	Blacksburg Square	104,500	3,000
University Boulevard	University Mall	165,200	NA
	Kroger	52,300	NA
	Collegiate Square	90,000 (u/c)	NA
Other	Hethwood Square SC	38,600	NA
	Patrick Henry Centre	51,300	NA
	TOTAL	646,435	3,728

Source: RKG Associates, Inc., Town of Blacksburg and Local Owners and Developers.
[1] - A more detailed listing of store(s) appears in the Appendix.

As with the larger region, this listing is not exhaustive as it excludes other smaller centers and many freestanding units such as Rite-Aid drugs and numerous chain restaurants. A more detailed listing[6] of retail and service businesses in Blacksburg appears in the Appendix. This list does not include SF, except where available estimates of annual sales and the number of employees are provided.

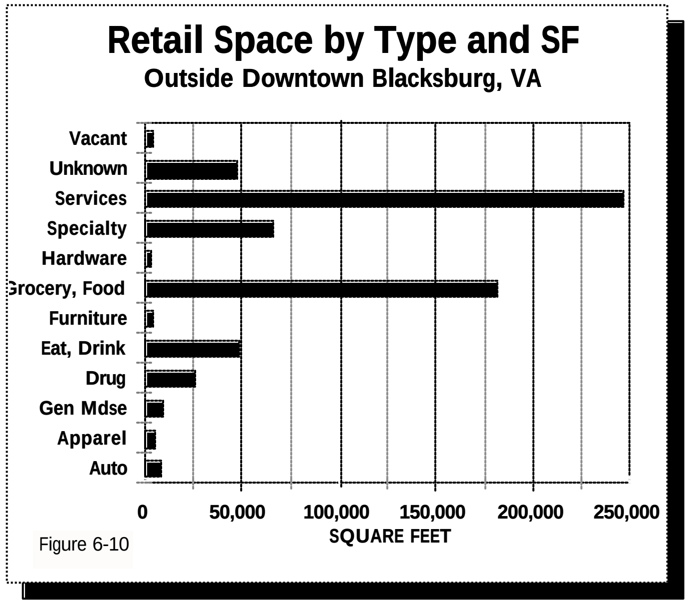


Figure 6-10

Service uses account for the largest share (38.0%) of the 646,400 SF of shopping center space inventoried outside of the Downtown district, followed by 28.0% for grocery and food uses and approximately 10.0% for specialty retailers. All other uses inventoried accounted for less than 10.0% (each) of the total inventory, including vacancy (Figure 6-10).

The average store size for shopping centers outside of the Downtown[7] is approximately 8,100 SF. Grocery stores have the greatest space need with an average building size of 25,900 SF. They are followed by services at 10,650 SF. It is important to note that square footage formerly leased by department stores and/or general merchandisers in Town, which have been subsequently leased to Virginia Tech, influence the average square footage per establishment in the service sector. The remainder of the store types averaged less than 10,000SF per store including vacant store fronts (1,900 SF).

According to data compiled from the County Assessor's records, there is more than 1.2 million SF of commercial building inventory along North Main Street, South Main Street and University Boulevard in Blacksburg. Some of this inventory may have been included in the inventory of shopping center space presented in the preceding table. Even if it assumed that all of the square footage is repetitive, this would still indicate that these commercial corridors contain over 1.2 million SF of retail space (Table 6-9).

Table 6-9
Commercial Inventory for Blacksburg
Selected Corridors

	Properties [1]	Acreage	Building SF
South Main Street	73	44.5	599,642
University Boulevard	12	31	336,255
North Main Street	62	32.09	294,898
TOTAL	147	107.59	1,230,795

Source: RKG Associates, Inc. and Town of Blacksburg and Local Owners and Developers.
[1] - Reflects those properties coded "C", for commercial, from the Assessor's database.

6 As developed from the Dun and Bradstreet Marketing Database.

7 Excluding the Collegiate Square, which is currently under construction.

Sales and employee data was developed from a *Dun and Bradstreet Marketing Database*, however, considering the quantity of regional and/or national chains outside of the Downtown, sales data was limited (what is available appears in the Appendix). Employee counts were also included and indicate that for those businesses with an estimate of square footage[8] and employees, the average square footage per employee was around 495 SF. This is consistent with other sources of information such as *The Urban Land Institute* that indicates an average of 400 SF per retail employee.

1. Downtown Blacksburg

A separate streetwalk inventory was prepared for the Downtown commercial district[9] in Blacksburg. This inventory accounts for slightly more than 268,000 SF of ground floor commercial space, of which less than 2.0% was found to vacant in August of 2000. Of the 268,000 SF of commercial retail and service space in the Downtown, nearly 40.0% is eating and drinking places, followed by 26.0% as personal and professional services and 20.0% as specialty retailers (Figure 6-11).

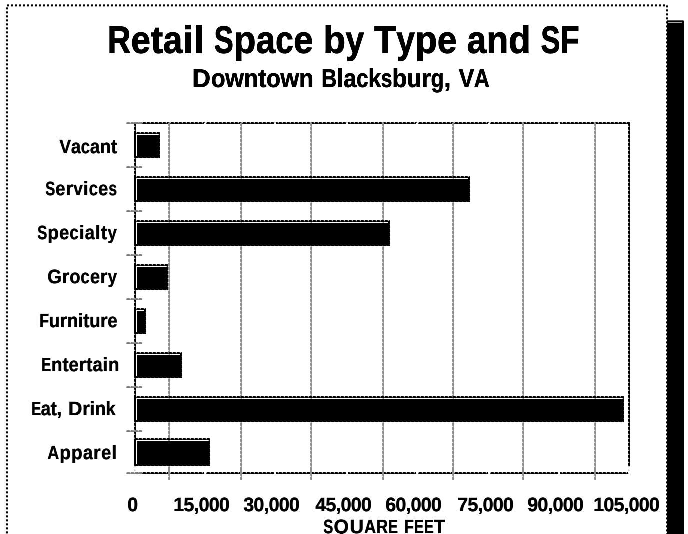


Figure 6-11

From the *Dun and Bradstreet Marketing Database*, approximately 147,600 SF (or about 55.0%) of this inventory had estimates of sales and employees. These estimates indicated annual sales of nearly $16.0 million (for an average of $108/square foot) and 401 employees (for an average of 368 SF per employee). Average store sizes and sales, by store type, are presented in Table 6-10. On average, the stores in the Downtown Blacksburg district are much smaller in size than those outside the district.

The biggest observed difference in average store size between Downtown Blacksburg and remainder of the Town is among grocery stores. In the Downtown, the average size is 2,300 SF or about 9.0% of the size of grocers in the other parts of Town (26,000 SF). Apparel stores and specialty retailers in the Downtown are also smaller, averaging 70.0% and 62.0% respectively the size of similar stores outside the Downtown. In comparison, eating and drinking places are fairly similar in size, at 3,600 SF on average Downtown and 4,000 SF on average in the outside downtown (about 89.0%).

[8] Excluding the Collegiate Square, which is under construction, slightly less than 556,500 SF of commercial retail and service space was inventoried. Of this, about 40.0% or 222,500 SF had estimates of the number of employees per the *Dun and Bradstreet Marketing Database*.

[9] This area includes portions of North and South Main Street(s), College Avenue, Draper Road, West Roanoke Street, and Jackson Street (selected properties were included on Turner Street and Progress Street).

Table 6-10
Average Store Size and Sales Volume by Store Type
Downtown Commercial District of Blacksburg, VA

Store Type	Count	Avg SF	Total SF	As % Total	Avg $/SF [1]
Apparel	10	1,608	16,084	6.00%	$117
Eat, Drink	29	3,566	103,417	38.60%	$77
Entertainment	2	4,761	9,522	3.60%	NA
Grocery, Food	3	2,323	6,969	2.60%	$221
Furniture	1	2,000	2,000	0.80%	NA
Specialty Retail	25	2,147	53,665	20.00%	$220
Services	29	2,449	71,025	26.50%	$42
Vacant	5	1,069	5,343	2.00%	NA
TOTAL	104	2,577	268,025	100.00%	NA

Source: RKG Associates, Inc., Town of Blacksburg, Local Owners/ Developers and Dun & Bradstreet.
[1] - Reflects the 147,600 square feet for which sales data was available.

Combining the Downtown inventory with the Assessor's database inventory for North and South Main Streets and University Boulevard results in approximately 1.5 million SF of commercial properties in the Town of Blacksburg, with the core Downtown district comprising an estimated 18.0% of this total. This is still less than the 2.2 million SF of retail that was inventoried in the 460 corridor in Christiansburg.

In summary, store sizes are generally smaller in the Downtown, particularly for grocers. Eating and drinking places are similar in size, about 400SF difference between Downtown and the outskirts. Apparel stores and specialty retailers on the outskirts are about 800SF and 1,400SF larger in area, respectively. The implication is that the current storefronts in Downtown Blacksburg are generally inadequately sized to entertain attracting regional and national chains. As a result, it may require that new buildings be constructed or existing storefronts be combined to attract these types of tenants.

E. CONSUMER SPENDING POTENTIAL

1. Results of Regional Shopping Survey

In November of 2000, RKG Associates, Inc., with the assistance of the Town of Blacksburg Town Manager's Office, conducted a regional shoppers survey of Blacksburg households and those within close proximity of the Town. The purpose of this survey was to measure the shopping habits of local households and to understand how shoppers view Blacksburg as a shopping destination, with particular emphasis on the Downtown district.

The Town Manager's Office mailed approximately 1,600 shopper surveys to households in and around the Blacksburg area from a residential mailing list purchased from Survey Sampling, Inc., a purveyor of survey mailing lists. A proportionate random sample was selected from census tracts located within a 10-mile radius of Downtown Blacksburg. The sample included areas of Montgomery County, Giles County, Radford, and Christiansburg. In addition, a sample was obtained from Virginia Tech, which represented on-campus student households.

In total, 359 surveys were completed and returned to the Town, constituting a 22.4% response rate. As with any mail survey, the respondents were "self-selected", or in other words, they are believed to be the individuals with the greatest interest in, or proclivity for, responding to the mail-out surveys. As a result, the survey respondents tended to be predominantly female, more affluent, and older than the population as a whole. Also, the low response from on-campus households was lower than expected (See survey results in the Chapter 6 Appendix Section).

The following section highlights the most significant findings and observations obtained from the returned surveys in terms of retail shopping trends and market conditions.

a) Household Demographics

There were 359 completed and returned surveys detailing the shopping habits of residents in Blacksburg and the surrounding area. Table 6-11 details the demographic makeup of the respondents. Approximately 60% of the participants reside in Blacksburg. Most of the non-residents are from the immediate surrounding region, including Christiansburg, Montgomery County, Giles County, and Radford City.

Table 6-11
Demographic Characteristics of Shoppers Survey Respondents
Blacksburg and Vicinity, 2000

	All Respondents	Town Residents	Non-Residents
Respondents			
Total	359	217	142
Male	134	73	61
Female	215	140	75
Housing			
Rent	29	21	8
Own	309	171	138
Campus	15	15	0
Distance from Downtown (in miles)	5.8	2.4	11.0
Avg. Persons per Household	2.53	2.50	2.58
Income			
\$0 - \$25,000	38	21	17
\$25,000 - \$50,000	91	46	45
\$50,000 - \$75,000	84	48	36
\$75,000 +	113	73	40
Avg. Age of Respondent	50.3	48.0	53.0

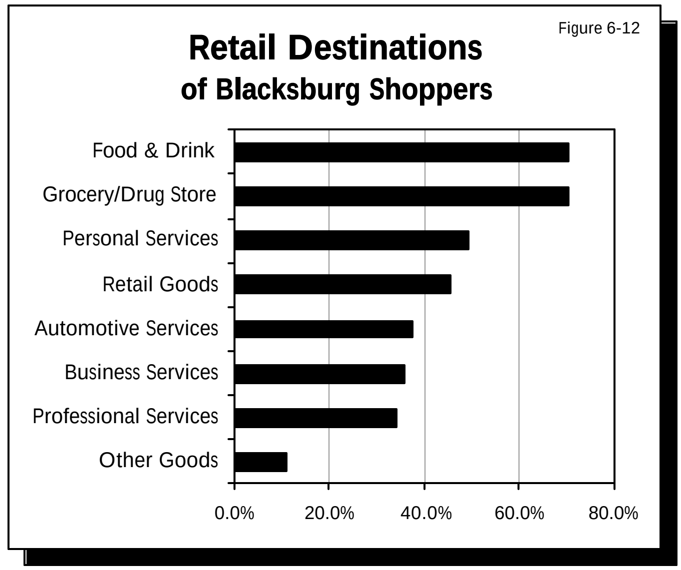
Source: RKG Associates, Inc.

It is important to note that this market sample is not intended to reflect exact market conditions, but rather serve as an indicator of retail spending trends and market tendencies. The demographic breakdown of the survey participants reveals that the sample does not accurately represent the actual demographics of Blacksburg or the region. Foremost is the high concentration of female respondents, comprising approximately 60% of the survey responses. In Blacksburg and Montgomery County, women comprise approximately 45% of the total population.

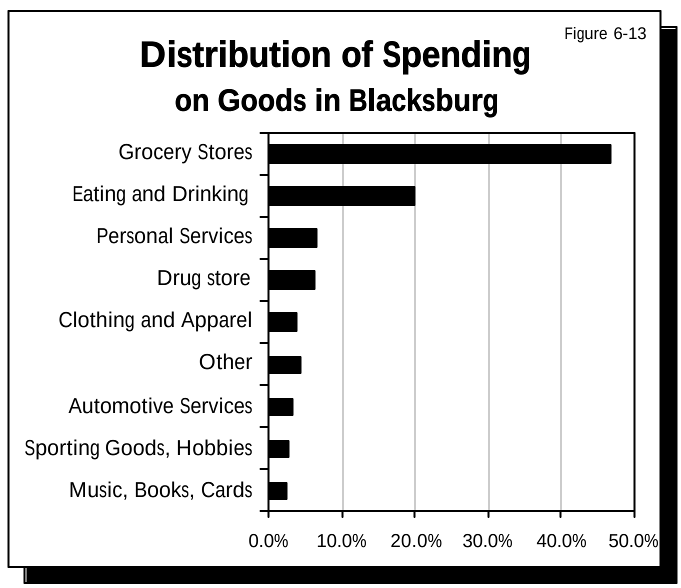
The respondents also deviate from the demographic composition of the region in several other areas as well. Two examples are age breakdown and income level. The participants have a median age of 49 years old, which is significantly higher than the median age for Blacksburg (22.7 years) and Montgomery County (29.6 years). In addition, the median income level ($56,000) for the survey participants is also well above the averages for both the Town ($23,997) and the County ($30,905). However, the consultants believe that the spending habits and opinions of this group reflect the prevailing tendencies of the region in terms of shopping preferences.

b) Shopping Habits

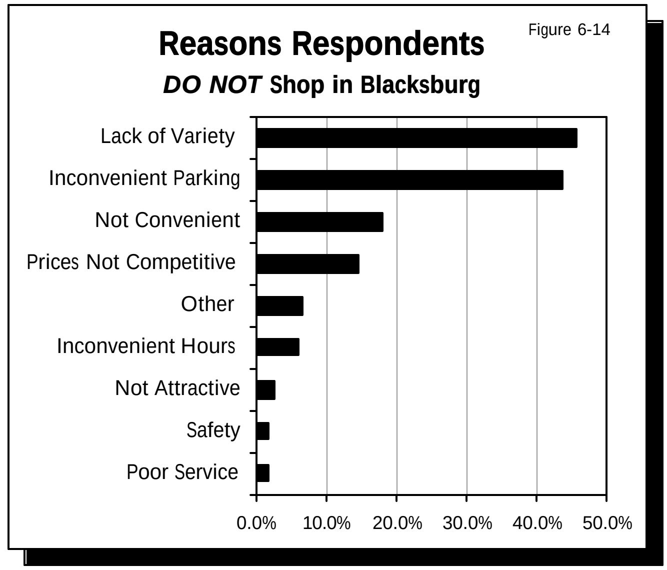
The majority of the survey respondents (79.4%) indicated that they shop in the Town of Blacksburg for at least some retail goods. Not surprisingly, Town residents had a higher level of patronage (87.4%) to Blacksburg businesses than did respondents from elsewhere in the region (69.5%).



Grocery and drug store sundries (70.5%) and eating and drinking places (70.5%) were the most common retail destinations in Town (Figure 6-12). In addition, grocery stores (46.7%) and eating and drinking places (16.9%) account for almost 66% of the total monthly spending budget for retail goods in Blacksburg (Figure 6-13). These findings are not surprising since shoppers tend to buy groceries close to home and Blacksburg, especially near the Downtown, offers a wide selection of eating and drinking places.



Of those participants that do not shop in Town at all, the most common reasons are the lack of retail variety in Blacksburg and the lack of parking availability. In fact, the survey participants indicated that retail variety and adequate parking are the two most important influences on their shopping decisions, regardless of where they shop. Over 52% of the respondents related that one of these two reasons is the single most important influence on their shopping location choice (Figure 6-14). As a result, the Christiansburg/Route 460 Bypass area attracts the most people to do the majority of their retail shopping. The presence of department stores and "big box" retailers provide the consumers with a large variety of goods at a reasonable price with an abundance of parking.



c) Downtown Shopping

Only 55.2% of the survey respondents indicated that they shop in the Downtown district, contrasting with the almost 80% who shop in Blacksburg. Even Town residents tend to shop in downtown less frequently, with only 67% indicating they patronize downtown shops. Approximately 40% of the non-Blacksburg residents shop in the downtown.

Those that do shop downtown indicated that personal service businesses (74.1%) are the main reason that they shop in the downtown. Restaurants and bars (45.7%) and festivals, sales, and special events (36.2%) also attract shoppers to Downtown Blacksburg. Those that do not shop in the downtown district indicated that the lack of variety of merchandise (45.7%) and the lack of parking convenience and access (43.5%) are the two most common reasons why they avoid shopping downtown.

Respondents were then asked to rate the downtown on several different criteria related to shopping downtown Blacksburg. Ratings were given on a scale of 1 to 10 with 1 being the worst rating and 10 the best rating. Respondents rate safety (8.30), special events (7.66) and the overall attractiveness of the downtown (7.63) as the strongest aspects of the Downtown (Table 6-12). In contrast, the convenience of parking (3.40), the variety of retail and service businesses (4.36) and traffic circulation patterns (5.05) all ranked low among respondents. Interestingly, Town residents tended to be more critical of the downtown area than outside respondents, maintaining a lower average rating in almost every category.

Table 6-12
Ranking of Conditions in Downtown Blacksburg
From 1 (poor) to 10 (excellent)

Category	Ave. Rank
Feeling of Safety	8.30
Special Events	7.66
Overall Attractiveness	7.63
Sidewalk Maintenance	7.43
Customer Service	6.86
Upkeep of Buildings	6.79
Convenient Hours	6.68
Quality of Goods	6.66
Variety of Restaurants	6.18
Pricing of Goods	5.86
Traffic Circulation	5.05
Variety of Retail	4.36
Parking Convenience	3.40

Source: RKG Associates, Inc., 2001

c) Cross-Tabulations

The consultants conducted several cross-tabulations that looked at the shopping habits and preferences of different groups of people. For example, the consultants examined the shopping preferences of male respondents versus female respondents. This was done to identify which consumers are more likely to shop in Blacksburg, and particularly the downtown, as well as to identify potential target groups for future retail development.

Town residents tend to shop in Blacksburg more than non-residents do. However, many of these respondents indicate that their shopping is focused on grocery shopping and dining out, and they travel to the Christiansburg/Route 460 Bypass corridor for a majority of their shopping needs. The disparity between residents and non-residents increases when comparing people who shop in downtown Blacksburg.

People who shop in downtown Blacksburg regularly (at least once per week) tend to be younger than those who do not, and they tend to live smaller households. There is a higher concentration of renters and Virginia Tech students shopping in downtown. Downtown shoppers also live closer to these retail destinations. In general, student households patronize downtown businesses at a higher level, in terms of percentage of respondents, but have very low monthly spending budgets ($154.57) compared to people over 30 years old ($407.67) who shop in the downtown

In summary, the respondents indicate that the retail market in Blacksburg primarily serves the needs of local residents for grocery goods and as a regional attraction for dining and entertainment. The downtown area is especially strong in attracting consumers to its eating and drinking places and to festivals and special events that are held there. In contrast, the respondents also indicated that Blacksburg is not as strong for other retail goods, especially department store goods.

2. Estimated Household Retail Demand

The potential for retail spending, or the local demand for a variety of goods and services, is reviewed in this section. This demand is assessed for the PTA and for the secondary trade area and then is contrasted to estimates of spending within the trade areas in order to estimate sales leakage. Sales leakage equates to the locally unmet or uncaptured demand and therefore represents sales potential for existing retail merchants and opportunity for new merchants. This comparison then provides some insights into what types of retail establishments may have an untapped potential in Blacksburg.

The consultants have developed per household estimates of consumer spending potential for a selected variety of retail goods for the PTA and the STA using information developed by Claritas, Inc., the US Census of Retail Trade and the US Department of Labor. Table 6-13 presents these estimates of demand by selected merchandise type.

Table 6-13
Per Household Weekly Spending Demand for Blacksburg And Montgomery County

Merchandise	Blacksburg, VA	Montgomery Co.
Food at Home	$74.21	$81.74
Food Away from Home	$72.77	$74.20
Alcohol at Home	$12.81	$12.32
Alcohol Away from Home	$14.06	$13.71
Nonprescription Drugs	$2.41	$2.83
Housekeeping Supplies	$4.12	$4.80
Personal Care Products	$12.70	$13.34
Household Textiles	$7.24	$8.12
Furniture	$9.21	$10.28
Floor Coverings	$0.43	$0.47
Major Appliances	$4.89	$5.73
Small Appliances	$8.79	$9.26
TVs, Radio, etc.	$25.47	$25.68
Women's Apparel	$18.57	$19.44
Men's Apparel	$12.58	$12.17
Girls Apparel	$2.88	$3.58
Boys Apparel	$2.35	$2.96
Infants Apparel	$1.40	$1.70
Footwear	$6.69	$7.05
Sporting Goods	$15.78	$16.82

Source: RKG Associates, Inc., Claritas, Inc., US Census and Department of Labor.

These estimates of per household weekly demand have been converted into weekly trade area estimates in Table 6-14. Local estimates[10] indicate there are 12,871 households and 8,718 persons in-group quarters (college housing) in the Town of Blacksburg. The average household size in Town, is estimated to be 2.37 persons per household. However, it is reasonable to assume that the student population, living on campus or in group quarter housing, does not have a similar spending demand to other households for goods such as food and meals, which are typically provided with the housing. Therefore, it requires a large collection of students to equate to the buying demand of a typical household. In this analysis, an estimate of four students per household is utilized, representing 2,179 households (8,718 divided by 4.0 persons). As a result, the total households in the Town of Blacksburg equate to 15,050 households, or consumption units. According to Claritas, there are 28,549 households in Montgomery County. The spending demand generated by these households has been estimated and the demand in Blacksburg (which has all of the group quarter's population) has been subtracted, thereby a spending demand for the PTA (the Town of Blacksburg) and the STA (remainder of Montgomery County) are provided.

[10] Town of Blacksburg, Blacksburg Population and Development Information, 1990 – 2000. Memorandum dated 22 August 2000.

Table 6-14
Weekly Spending Demand
Blacksburg PTA and STA

Merchandise	Primary Trade Area	Secondary Trade Area
Food at Home	$1,116,920	$1,216,537
Food Away from Home	$1,095,206	$1,023,246
Alcohol at Home	$192,753	$158,919
Alcohol Away from Home	$211,594	$179,820
Nonprescription Drugs	$36,229	$44,594
Housekeeping Supplies	$61,934	$75,148
Personal Care Products	$191,135	$189,827
Household Textiles	$108,921	$122,964
Furniture	$138,595	$155,021
Floor Coverings	$6,409	$7,111
Major Appliances	$73,561	$89,939
Small Appliances	$132,336	$132,068
TVs, Radio, etc.	$383,367	$349,710
Women's Apparel	$279,483	$275,382
Men's Apparel	$189,314	$158,243
Girls Apparel	$43,389	$58,881
Boys Apparel	$35,359	$49,045
Infants Apparel	$21,071	$27,506
Footwear	$100,717	$100,437
Sporting Goods	$237,541	$242,555
TOTAL	$4,655,834	$4,656,951

RKG Associates, Inc., Claritas, Inc., US Census and Department of Labor.

Consumer retail demand, within the Blacksburg PTA, is estimated to be about $4.6 million per week for the selected merchandise items. Additional demand within the STA, exclusive of the Town of Blacksburg, constitutes another $4.6 million per week. Comparing the demand for retail goods and services in the PTA, as presented in Table 6-14, against the estimated sales (as developed by Claritas. Inc. and RKG) provides an indication of where the Town of Blacksburg is under performing or exceeding its demand.

Of the $4.6 million in weekly consumer retail demand in the Blacksburg PTA, about $3.0 million, or almost 65.0%, is estimated to be leaking from Blacksburg merchants (Table 6-15). It is reasonable to estimate that a good portion of this leakage is occurring elsewhere in Montgomery County, especially in Christiansburg, considering its retail gravity, store mix, store sizes and proximity. This estimated retail sales leakage from Blacksburg represents the potential for new stores to capitalize on the local unmet demand and an opportunity for existing stores to capture new consumers.

It is unlikely that all of this sales leakage could ever be recaptured since consumers will still shop away from home during travel, daily commutes to and from work, as a matter of choice, and as a function of catalog sales and e-commerce. For the purposes of this analysis it is reasonable to estimate that as much as one-third of the estimated sales leakage would not be recaptured (realize that the 650,000 SF Spradlin Farms is still under construction). Of the remaining $2.0 million in weekly leakage, an opportunity may exist for new and existing businesses to capture half of the remainder. If so, then there is an estimated $52.0 million in annual leakage (the remaining weekly $1 million annualized) which could be available to new businesses and in part serve as an enticement for new businesses.

Table 6-15
Estimated Weekly Sales and Leakage
Blacksburg PTA

Merchandise	Sales	Leakage	Percent
Food at Home	$551,859	$565,061	50.60%
Food Away from Home	$333,416	$761,790	69.60%
Alcohol at Home	$36,826	$155,927	80.90%
Alcohol Away from Home	$26,049	$185,545	87.80%
Nonprescription Drugs	$19,854	$16,375	45.20%
Housekeeping Supplies	$59,356	$2,578	4.20%
Personal Care Products	$50,072	$141,063	73.80%
Household Textiles	$17,533	$191,387	83.90%
Furniture	$70,163	$68,431	49.40%
Floor Coverings	$11,797	($5,389)	NA
Major Appliances	$29,893	$43,669	59.40%
Small Appliances	$17,386	$114,950	86.90%
TVs, Radio, etc.	$107,152	$276,215	72.00%
Women's Apparel	$97,143	$182,340	65.20%
Men's Apparel	$65,225	$124,089	65.60%
Girls Apparel	$10,363	$33,025	76.10%
Boys Apparel	$13,764	$21,596	61.10%
Infants Apparel	$15,031	$5,770	27.40%
Footwear	$50,279	$50,437	50.10%
Sporting Goods	$55,574	$181,967	76.60%
TOTAL	$1,639,007	$3,016,827	64.80%

Source: RKG Associates, Inc. and Claritas, Inc.
Sales data from Claritas have been adjusted to reflect estimated 75.0% captured from the local resident population base. This is subject to revision to reflect input from Town wide Consumer survey which is to be initiated.

F. RETAIL DEVELOPMENT POTENTIAL

After estimating the sales leakage from the Blacksburg PTA, potential retail sectors can be identified as possible candidates for expansion (i.e., new stores) in Blacksburg in general and in the Downtown commercial district more specifically. The approach of this analysis primarily addresses the dollars, or the sales potential that is leaking from the local consumer base and may support additional retail expansion/development. Any actual new development of retail and commercial space in Blacksburg would depend on these and other factors, including zoning issues, the willingness of buyers/sellers, and the preferences of property owners/tenants. Another important issue for expanded development in the Downtown commercial district is the availability of adequate parking. Part of the attraction for many regional and national retail chains, in addition to retail gravity, is the availability of adequate, on-site parking. Considering the pedestrian orientation of the Downtown and limited available land for development, adequate parking may always be somewhat problematic. Nonetheless, a parking structure in the Downtown could potentially benefit both the existing merchant base and serve as part of the enticement package for new merchants.

Assuming that these factors are in place, the issue then becomes one of what level of development, or square footage, could recaptured sales leakage potentially support. This will be discussed next in terms of store type and/or merchandise type.

1. Building Materials Stores

Lumber, paints, lawn and garden and other goods that can be purchased at a building supply store were not included in the analysis of sales leakage. In actuality, many of these goods, such as paint, can be purchased at a number of stores including general merchandisers. The entry of Lowe's and Home Depot into the US 460 corridor, as well as the probable addition of a wholesale/warehouse club to the corridor, would likely preclude any significant development of a new building materials retailer in the market.

A possible exception could be an upscale, niche retailer such as Brookstone Outlet. These stores typically carry personal care items, tools, gardening equipment and supplies (many private labels) in 3,000SF (slightly larger than the 2,600SF average storefront in Downtown Blacksburg). Generally these stores are part of a factory outlet complex, but could locate in freestanding or Downtown units.

2. General Merchandisers

With the possible exception of food and alcohol, nearly all of the merchandise lines that equate to the estimated $52.0 million in annual sales leakage could be purchased in a general merchandise store. Similarly, the potential that a new general merchandiser could capture all of the $52.0 million in annual sales leakage is enticing, however this is not a realistic assumption. Additionally, most general merchandisers prefer to be part of an existing retail center, particularly if competition is strong. Note Target's entry into Christiansburg despite Kmart, the New River Valley Mall, and WalHMart. Few big box retailers are willing to "pioneer" a site and those that will are already in Christiansburg. Furthermore, many of these stores require 10 or more acres of land for their development, with good visibility, road frontage and access. There are very few sites in Blacksburg that meet this criteria.

One possibility may be for a "new" general merchandiser to locate in Blacksburg as part of an existing retail center, however these options (i.e., locations) are also limited and would present a less competitive product to the new (meaning recently built) retailers in Christiansburg. Field observations also indicate that the market might be over-stored (especially with the addition of Target) with general merchandisers. As an example, an informal windshield survey indicated about 300 cars parked in the lot of Wal-Mart as compared with 50 to 75 in the Kmart parking lot.

3. Food Stores

Total sales leakage of food at home items has been estimated to be slightly more than $565,000 per week among the households in the Blacksburg PTA. Considering that other merchandise lines such as nonprescription drugs, housekeeping supplies and personal care products may also be purchased at a grocery store, the potential for additional grocery/food stores in Blacksburg is good. However, the opportunities of attracting a large grocer, of 50,000 SF or more in size, are considered to be limited. Food Lion has a fairly strong presence in the market, with several stores, typically in the 30,000 square foot range. Kroger also has a strong presence, with stores greater than 50,000 SF in the University Mall and in The Gables shopping centers. A new 50,000 square foot Kroger has recently opened in Christiansburg, relocating an existing store from a 25,000 square foot store in Downtown Christiansburg.

It is possible that Kroger could build a new store along the US 460 corridor as this area matures with retail and commercial development, but such a store, if built, would likely be a relocation from The Gables, thereby resulting in a vacancy at that shopping center. Similarly, it is possible that Food Lion could relocate a grocery to the improved US 460 corridor, thereby capitalizing on the road access, but such a store would also likely be a relocated unit.

Greater potential exists for an expansion of the small, specialty foods, health/natural foods and international/ethnic foods in Blacksburg, including possible stores in the Downtown commercial district. From this analysis there is approximately $9.8 million annually in "leaked" food at home demand.[11] If twenty percent[12] of this potential, or $1.96 million annually, were captured by new stores Downtown this could equate to slightly more than 8,800 SF of new food, grocery retail and four (4) storefronts based on the averages observed in Downtown Blacksburg as shown in Table 6-16.

Table 6-16
Potential for New Grocery and Food Stores
For Downtown Blacksburg

Weekly Food at Home Sales Leakage	$565,061 *52
Annualized	$29,383,172 /3
One third for New Store Enticement	$9,794,391 /5
20.0% Capture rate Downtown	$1,958,878 /221
Divided by average sales/SF of $221	8,864SF /2,323
Divided by average size of 2,323SF	3.8; rounded to 4

Source: RKG Associates, Inc.
Average sales per square foot and average size of store are store type specific and developed from the Blacksburg inventory.

4. Apparel Stores

Approximately 85,000 SF of clothing and apparel store space was inventoried in Christiansburg. This excludes the 876,000 SF of general merchandiser and department store space was also inventoried. Typically a large percentage of the interior layout in department stores and general merchandisers is devoted to clothing. Considering this development it is not surprising that the estimated sales leakage for apparel from the Town of Blacksburg is substantial at nearly $420,000 per week (or about $21.7 million annually). This leakage is likely to increase with the completion of Spradlin Farms that will include a TJ Maxx. As such, many of the chains either are, or will be, represented in the market. However, there are several off-price retailers, such as Bob's Stores, Nordstrom Rack, Today's Man, The Men's Warehouse and Coat World to name a few, which are not present. Typically these merchants prefer to locate in an off-price or factory outlet type of center. It is possible that a clothing-only "power center" could be developed along South Main Street near the US 460

[11] This from the $565,000 of weekly leakage identified from the Town of Blacksburg, extrapolated to a year and assuming that one-third is not recaptured, that one third is captured by existing merchants and that one third is available as enticement for new merchants to enter the market.

[12] Since the Blacksburg retail inventory includes 1.5 million SF of commercial development and 18.0% was in the core Downtown district, a 20.0% capture factor (equating to density or market share) is believed to be reasonable.

corridor providing that adequate land is available to locate 5 or 6 off these retailers (Table 6-17).

Another potential site for new apparel stores, particularly for regional specialty or niche retailers and homegrown start-ups, is Downtown Blacksburg. The former could include merchants with a store in Roanoke or Richmond, as examples, and who are looking to open another unit. The latter could include local entrepreneurs realizing the potential of the Town's collegiate population.

Table 6-17
Potential for New Apparel Stores
For Downtown Blacksburg

Weekly Apparel Sales Leakage	$417,257
	*52
Annualized	$21,697,364
	/3
One third for New Store Enticement	$7,232,455
	/5
20.0% Capture rate Downtown	$1,446,491
	/177
Divided by average sales/SF of $177	8,172SF
	/1,608
Divided by average size of 1,608SF	5.1 - rounded to 5

Source: RKG Associates, Inc.
Average sales per square foot and average size of store are store type specific and developed from the Blacksburg inventory.

5. Furniture and Home Furnishings Stores

From 1987 to 1997, the Town of Blacksburg experienced about a 65.0% increase in furniture store sales. This increase is commensurate with Montgomery County but well behind the approximate 95.0% increase in Christiansburg. Considering the existing alternatives in Christiansburg and the likelihood of a consumer electronics "big box" or warehouse club (as part of Spradlin Farms), the potential to add new conventional furniture retailers in Blacksburg may be limited. However, certain other furniture and home furnishings retailers, such as Home Goods, Pier 1 Imports and IKEA, are not present. IKEA stores average 150,000 SF to 200,000 SF in size but generally locate in suburban areas where the population within a 10-mile radius is 1.0 million or more.

The estimated sales leakage from Blacksburg for furniture and home furnishings is estimated to be $26.2 million annually, however, nearly 55.0% of this is estimated to be in televisions, radios, compact disc players and other consumer electronics. These are not the merchandise lines typically carried by a Home Goods or Pier 1 Imports. However these stores often carry household textiles and other home furnishing where annual sales leakage has been estimated to be $4.8 million.

6. Eating and Drinking Places

There is approximately $39.6 million in sales leakage annually for food away from home in the Blacksburg PTA. Although there are numerous chain restaurants in Christiansburg, there are still opportunities to capture some chains that are not represented there, such as

TGIFridays, UNO's or Chili's. Given the existing development in the area, it is not unreasonable to expect that these chains could eventually enter the PTA market, possibly along South Main Street nearer to the existing density and diversity. These types of restaurants are unlikely to locate in Downtown Blacksburg considering the on-site parking requirements. Additionally, these restaurants typically require 6,000SF or so building space (new construction), which is about 65.0% greater than the average size of current Downtown restaurants. If such a chain restaurant were to be attracted to the Downtown, the issues of parking and the availability to build a new store would need to be addressed.

Nonetheless, the potential for additional restaurant space Downtown is considered to be good given the aforementioned estimate of sales leakage, especially for restaurants catering to the college crowd. However, as part of this research interviews were completed with area merchants and businesspersons and an issue, which they raised, is the perception that there are enough restaurants catering to college students.

7. <u>Specialty Retailers</u>

Specialty retailers can include a variety of stores, including sporting goods, camera and photography, records, crafts and so on. This type of store can be in a small space, as are currently in operating in Downtown Blacksburg, or they could be larger stores, such as Petco or Kids R Us (neither of which was observed in the market). These smaller, independent specialty retailers generally offer a more unique merchandise selection and quality customer service. These types of specialty retailers have strong potential to open in Downtown. However, they also represent a higher risk to failure than chain stores. In this analysis the sales leakage for sporting goods stores and a portion of that for small appliances, consumer electronics and household textiles will be used to represent sales leakage and potential for specialty retailers (Table 6-18).

Table 6-18
Potential for Specialty Retail Stores
For Downtown Blacksburg

Weekly Specialty Retail Sales Leakage	$423,243
	*52
Annualized	$22,008,636
	/3
One third for New Store Enticement	$7,336,212
	/5
20.0% Capture rate Downtown	$1,467,242
	/220
Divided by average sales/SF of $220	6,669SF
	/2,147
Divided by average size of 2,147SF	3.1 - rounded to 3

Source: RKG Associates, Inc.
Average sales per square foot and average size of store are
Store type specific and developed from the Blacksburg inventory.

8. Drug Stores

Drug stores often offer a wide variety of goods, from prescription drugs to grocery items to tools, toiletries and consumer electronics. Drug store sales in Montgomery County increased by more than 200.0% between 1987 and 1997 and by about 175.0% in the Town of Blacksburg during the same time period. As a result, the average annual sales per drug store in Blacksburg was $1.56 million. This compares with $1.19 million in the County and $1.13 million in Christiansburg. Most chains are represented in the market area and therefore might add new units or relocate existing units to larger stores (often ranging from 8,000 to 14,000 SF) on more accessible and visible sites. Given this strong chain presence, it is unlikely that there would be any influx of independent drug stores into the market or the Downtown.

9. Conclusions

Retail vacancy in Blacksburg was observed to be very low indicating a fairly healthy market for commercial leases and tenants. However, despite this healthy market, there is a substantial amount of sales leakage from the Town of Blacksburg, indicating the potential for new stores and/or expanded stores. In part, considering the current retail development (and the continuing construction) in Christiansburg, it is unrealistic to assume that all of this leakage could be recaptured and even less so for particular merchandise categories such as building supplies, home improvement and general merchandise/department store goods. However, the ability to recapture sales leakage for certain merchandise lines, and consequently store types, is believed to represent good potential for new stores in Blacksburg. The potential to recapture this leakage is not the only contributing factor to the new store potential. These opportunities are also influenced by improved roadway access, developing new retail gravity centers and a growing population/household base.

Specifically in this analysis, the potential for an off-price clothing outlet center has been identified, as has the potential for restaurants, certain specialty stores (such as Petco and Kids R Us) and possibly some home furnishings stores, such as Pier 1 Imports. This analysis has also identified the potential, through recaptured sales leakage, of 12 additional storefronts in Blacksburg, many of a regional or homegrown entrepreneurial variety. The challenges to attracting national chains to the Downtown are many including the limited size of commercial district, the lack of off-street and convenient parking and the smaller-sized existing storefronts.